

PUBLIC DISCLOSURE

DECEMBER 28, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BROOKLINE CO-OPERATIVE BANK

264 WASHINGTON STREET
BROOKLINE, MA 02147

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Brookline Co-operative Bank (or the "Bank")** prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

The rating of this institution is firmly established upon five performance criteria as shown in the public evaluation. The assessment of Brookline Co-operative Bank's record of performance is based upon its efforts in meeting the criteria outlined in this report.

The Bank's net loans to total deposits as reported in the Federal Deposit Insurance Corporation ("FDIC") call reports were reviewed for the quarters beginning December 31, 2002 through September 30, 2004. The Bank's average net loan to deposit ratio for this time period was determined to be 85.8 percent. During the time period reviewed, net loans increased 20.4 percent, while total deposits increased 7.2 percent. This indicates the Bank's willingness to extend credit and hence Brookline Co-operative Bank is considered to meet the standards for satisfactory performance in this criterion.

The Bank's comparison of credit extended inside and outside of the assessment area does not meet the standards for satisfactory performance as a majority of the loans originated in 2003 and 2004 were outside of the Bank's assessment area.

Brookline Co-operative Bank has demonstrated a reasonable distribution of Home Mortgage Disclosure Act ("HMDA") reportable loans to low and moderate-income individuals as 20.9 percent of the Bank's originations in the assessment area were granted to low and moderate-income individuals. Based on this percentage and the minimal number of loans originated, the Bank is considered to meet the standards for satisfactory performance in this area.

There are no low or moderate-income census tracts within the Bank's assessment area. However, the Bank achieved a reasonable dispersion of loans in middle and upper-income census tracts, which is proportionate to the demographics of its assessment area. The Bank is considered to meet the standards for satisfactory performance in this area.

There were no complaints received by the Bank pertaining to its CRA performance and the fair lending examination revealed no evidence of discriminatory or illegal credit practices.

PERFORMANCE CONTEXT

Description of Institution

Brookline Co-operative Bank is a mutually-owned state chartered co-operative financial institution with a single office located at 264 Washington Street in Brookline, Massachusetts. As of September 30, 2004, assets totaled \$66,177,000, of which 74.6 percent were in the form of net loans.

Refer to the following table for additional information on the breakdown of loans.

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
One to Four-Family Residential Mortgages	\$ 36,183	72.6%
Nonfarm Nonresidential Properties	\$ 5,070	10.2%
Multifamily Residential	\$ 3,047	6.1%
Equity Lines of Credit	\$ 2,885	5.8%
Construction and Land Development	\$ 1,310	2.6%
Consumer Loans	\$ 1,290	2.5%
Commercial	\$ 38	0.1%
Other	\$ 24	0.1%
Total Gross Loans	\$ 49,847	100.0%

Source: September 30, 2004 Consolidated Report of Condition.

Brookline Co-operative Bank is primarily a residential lender with 72.6 percent of gross loans consisting of 1-4 family residential mortgages, followed by nonfarm nonresidential properties with 10.2 percent, multi-family residential with 6.1 percent, and equity lines of credit with 5.8 percent.

Brookline Co-operative Bank has strong competition from several financial institutions within its assessment area. Financial institutions that are located within the assessment area include but are not limited to the following: Brookline Savings Bank, Citizens Bank, and Brookline Municipal Credit Union, as well as representatives of regional and national banking and mortgage companies. The market influence from these institutions appears to be significant, and as a result serves to keep the bank's rates and services offered competitive.

Market share information obtained from PCI Services, Inc. CRA WIZ, based on 2003 aggregate performance data indicates 254 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions have either originated or purchased residential mortgage loans within the bank's assessment area. A further analysis of the aggregate indicates that 6,141 HMDA reportable loans were originated within the Town of Brookline during 2003. Of these lenders, Brookline Co-operative Bank ranked 51st in loan originations.

There are no financial or legal impediments which could limit the Bank's ability to help meet the credit needs of the assessment area. The Bank's most recent CRA evaluation was performed by the FDIC as of September 30, 2003. That examination resulted in a CRA rating of Satisfactory. The Division last examined Brookline Co-operative Bank as

PERFORMANCE CONTEXT (CONTINUED)

of November 22, 1999, and that examination also resulted in an overall rating of Satisfactory.

Description of Assessment Area

Brookline Co-operative Bank defines its assessment area as the Town of Brookline. The Town of Brookline is located in the Boston Metropolitan Statistical Assessment Area ("MSA") for 2003, while the designation changed for 2004 information to the Cambridge-Newton-Framingham, MA MD.

According to the 2000 Census Data, the Bank's assessment area contained a total population of 57,107 individuals, of which 21.3 percent are minorities. The census data also indicates the assessment area included 26,388 housing units of which 11,553 or 43.8 percent are owner-occupied. Of all housing units, 46.4 percent are 1-4 family structures and 53.6 percent are multi-family structures.

The examiners utilized the 2000 census data when analyzing the Bank's 2003 and 2004 HMDA data.

The median family income for the Boston MSA for 2003 was \$80,800, while the median family income for the 2004 information was \$88,600. The income figures are based on estimated Department of Housing and Urban Development ("HUD") information. Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

Town of Brookline

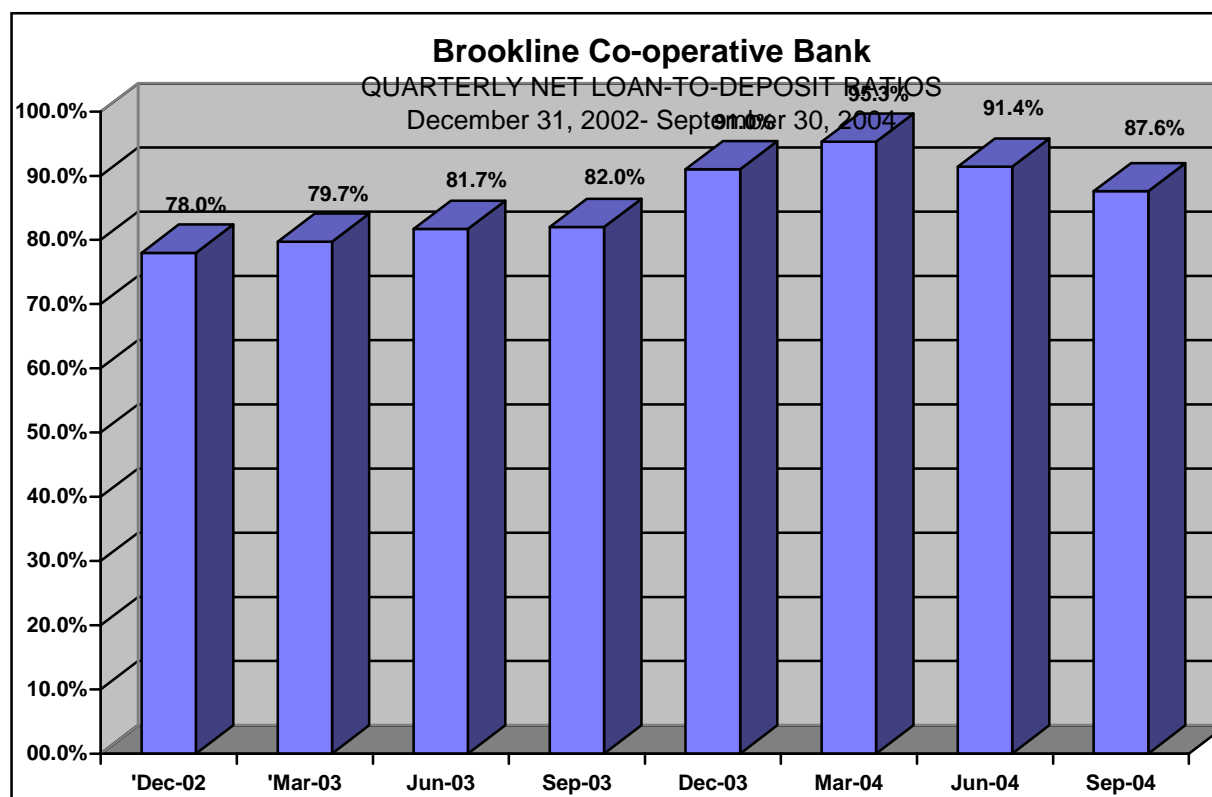
The Bank's designated CRA assessment area is the Town of Brookline which is bordered on three sides by the City of Boston. Although the City of Boston contains several low and moderate-income census tracts, the Bank is not in a position to adequately serve the credit needs of those areas primarily due to its sole location and small asset size. According to the 2000 US Census data, the Town of Brookline contains 12 census tracts, of which two are middle-income and ten are upper-income.

Housing prices have been increasing significantly throughout Massachusetts and according to data obtained from The Warren Group from November 2004, the median price of a 1-4 family home in Brookline was \$1,275,000 and a condominium was \$469,000. This results in a 71.1 percent increase in 1-4 family homes and a 15.2 percent increase in condominiums since November 2003. This continued increase in home prices presents an obvious impediment for most low and moderate-income individuals pursuing homeownership.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

An analysis of Brookline Co-operative Bank's net loan-to-deposit ratio was performed during the examination. The analysis utilized the last eight quarters of the FDIC Call Report data for this institution. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The Bank's net loans to total deposits as reported to the FDIC were reviewed from the quarters beginning December 31, 2002 through September 30, 2004. The Bank's average net loan to deposit ratio for this time period was determined to be 85.8 percent. During this time period, net loans increased approximately 20.4 percent, while total deposits increased approximately 7.2 percent. The following graph depicts the net loan-to-deposit ratio for each quarter under review.



Based on the above information and Brookline Co-operative Bank's capacity to lend, the strong competition from other institutions in the assessment area, demographic and economic factors present in the assessment area, and the lending opportunities available in the assessment area, the Bank's net loan to deposit ratio is considered to meet the standards for satisfactory performance.

PERFORMANCE CRITERIA (CONTINUED)

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Brookline Co-operative Bank's 2003 and 2004 Loan Application Registers ("LAR"s) were reviewed to determine the amount of credit extended within the Bank's assessment area. During this period, the Bank originated 99 HMDA-reportable loans totaling approximately \$26,556,000. Of these loans, 24 or 24.2 percent were originated inside the Bank's assessment area totaling \$7,998,000 or 30.1 percent.

Refer to the following tables for additional information regarding the Bank's HMDA - reportable lending, by both number and dollar volume.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2003	18	26.5%	6,141	37.0%	50	73.5%	10,468	63.0%
2004	6	19.4%	1,857	18.7%	25	80.6%	8,090	81.3%
Total	24	24.2%	7,998	30.1%	75	75.8%	18,558	69.9%

Source: 2003 and 2004 HMDA DATA

Based on the above information, the analysis indicates that the Bank's comparison of credit extended inside and outside of the assessment area does not meet the standards for satisfactory performance as less than a majority of the loans were granted inside the assessment area.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The Bank's HMDA-reportable loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family income for the Boston MSA for 2003 and the Cambridge-Newton-Framingham, MA Metropolitan Division ("MD") for 2004. The income figures are based on estimated HUD information.

The following table shows, by number, HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the percentage of households within the assessment area in each respective income group.

PERFORMANCE CRITERIA (CONTINUED)

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS (CONTINUED)

Distribution of HMDA -Reportable Loans Within the Assessment Area to Borrowers of Different Income Levels by Number

Borrower Income Level	Total Households		2003		2004		Total	
	#	%	#	%	#	%	#	%
< 50%	5,437	21.3%	3	16.7%	1	16.7%	4	16.7%
50 – 79%	3,102	12.1%	0	0.0%	1	16.7%	1	4.2%
80 – 119%	3,960	15.5%	5	27.8%	1	16.7%	6	25.0%
> = 120%	13,044	51.1%	10	55.5%	3	50.0%	13	54.1%
Total	25,543	100.0%	18	100.0%	6	100.0%	24	100.0%

Source: HMDA/LAR Data for the period 1/1/03 to 12/31/04

During 2003, and 2004, Brookline Co-operative Bank extended five HMDA reportable loans to low and moderate-income borrowers representing 20.9 percent of total originations within Brookline.

When comparing the Bank to the percentage of low and moderate-income households in the assessment area, it appears the Bank's lending to low and moderate-income borrowers is very low. However, based on the high cost of homes in Brookline, most low and moderate-income individuals are priced out of the market.

The distribution of the Bank's loans among various borrower income levels may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions, and mortgage companies. The most recent year for this comparison is 2003.

Distribution of HMDA Reportable Loans – Assessment Area Brookline Co-operative Bank Compared to All Other Reporters								
Median Family Income Level	Number of Loans				Dollar Amount of Loans			
	Brookline Co-operative Bank		All Other Reporters		Brookline Co-operative Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	3	16.7%	171	2.1%	290	4.7%	24,952	1.0%
Moderate	0	0.0%	742	9.2%	0	0.0%	139,142	5.4%
Middle	5	27.8%	1,371	17.0%	665	10.8%	310,653	12.1%
Upper	10	55.5%	4,327	53.6%	5,186	84.5%	1,520,040	59.5%
NA	0	0.0%	1,460	18.1%	0	0.0%	561,643	22.0%
Total	18	100.0%	8,071	100.0%	6,141	100.0%	2,556,430	100.0%

Source: HMDA LAR 2003 HMDA Aggregate Data

As shown above, the Bank's percentage of lending to borrowers of low-income is above the aggregate by number and dollar amount for 2003. Brookline Co-operative Bank originated 16.7 percent by number and 4.7 percent by dollar amount of the total HMDA

PERFORMANCE CRITERIA (CONTINUED)

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS (CONTINUED)

reportable loans within the assessment area to low-income borrowers, compared to the aggregate with 2.1 percent by number and 1.0 percent by dollar amount. However Brookline Co-operative Bank's loan volume is so minimal evaluation by percentages is mitigated.

Based on the information above, the Bank's lending to borrowers of different income levels, including those of low and moderate-income, reflects an adequate performance. Brookline Co-operative Bank is considered to meet the standards for satisfactory performance under the distribution of credit among borrowers of different income levels.

4. GEOGRAPHIC DISTRIBUTION

The Bank's HMDA reportable loans located within the Bank's assessment area were further analyzed to determine their location by census tract income level. The assessment area is comprised of twelve census tracts, ten which are considered upper-income and two that are considered middle-income. Of the 24 HMDA reportable loans originated during the review period, 41.7 percent were granted in middle-income census tracts and 58.3 percent were made in upper-income census tracts.

Based on the analysis of the geographic distribution of HMDA reportable loans, the bank has penetrated all of the census tracts in the assessment area and has dispersed loans in a manner consistent with the demographic make-up of the assessment area. Brookline Co-operative Bank's performance in this criterion is considered to meet the standards for satisfactory performance.

5. FAIR LENDING POLICES AND PRACTICES

A review of the Bank's public comment file indicated that the Bank received no complaints pertaining to the institution's CRA performance since the previous examination. In addition, a review of the Bank's residential loan application files was conducted to evaluate its fair lending policies and procedures. There were no discriminatory practices evident in the file review.

Brookline Co-operative Bank's marketing and advertising is accomplished primarily through the Melrose Free Press and other local publications, lobby signs, banners, statement stuffers, program books for local non-profit organizations and giveaways.

Minority Application Flow

The LARs for 2003 and 2004 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the area's demographics. Of the 28 HMDA reportable applications received from within the Bank's assessment area, 82.1 percent were from white applicants and five or 17.9 percent were from minority applicants. Of the total applications received from minority applicants, four were originated and one was closed for incompleteness.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 264 Washington Street in Brookline, Massachusetts.

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing.

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.